

## Message Text

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PAGE 01 STATE 013149  
ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-07 SP-02 USIA-15 AID-05 NSC-05  
CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02  
PA-02 PRS-01 CIAE-00 COME-00 FRB-01 INR-07 NSAE-00  
XMB-04 OPIC-06 LAB-04 SIL-01 ITC-01 /100 R

DRAFTED BY ARA/ECA:RCGRAHAM:RC  
APPROVED BY ARA/ECA:RWZIMMERMANN  
EB/OT/STA:MGOLDMAN (IN DRAFT)  
-----201134Z 109529 /22

R 192355Z JAN 77  
FM SECSTATE WASHDC  
TO AMEMBASSY MONTEVIDEO

UNCLAS STATE 013149

E.O. 11652: N/A

TAGS: ETRD, UY

SUBJECT: URUGUAYAN EMBASSY DELIVERS NOTES ON FOOTWEAR  
REF: A) MONTEVIDEO 227, B) MONTEVIDEO 127, C) MONTEVIDEO 89.

1. THE URUGUAYAN AMBASSADOR DELIVERED A NOTE DATED JANUARY 12 ON THE ITC FINDING OF INJURY FROM FOOTWEAR IMPORTS. THIS WAS FOLLOWED BY A SECOND NOTE DATED JANUARY 18 PROVIDING MORE DETAILS ON URUGUAYAN SHOE EXPORTS TO THE U.S. AND THE POTENTIAL ADVERSE EFFECT THAT AN ITC RECOMMENDATION COULD HAVE ON THE URUGUAYAN INDUSTRY. COPIES OF THE NOTES ARE BEING POUCHED.

2. THE NOTE OF JANUARY 12 MADE THE GENERAL ARGUMENT THAT THE EVENTUAL APPLICATION BY THE ITC OF ANY OF THE PLANNED ALTERNATIVES WOULD SERIOUSLY RESTRICT TRADE LIBERALIZATION AND BE CONTRARY TO PHILOSOPHY OF US TRADE LAW. SPECIFICALLY, THE ESTABLISHING OF A QUOTA BASED ON 1974 U.S.  
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IMPORT DATA WOULD EFFECT URUGUAY'S NATIONAL INTEREST BY AFFECTING ITS ECONOMY, AND LEAVE THE COUNTRY UNABLE TO EXPORT UP TO ITS POTENTIAL.

3. THE NOTE OF JANUARY 18 REPORTED URUGUAYAN EXPORTS OF SHOES TO THE U.S. AS FOLLOWS:

|       | PAIRS     | VALUE IN US\$000 |
|-------|-----------|------------------|
| 1973  | 48,773    | 276              |
| 1974  | 208,620   | 1,159            |
| 1975  | 1,148,382 | 6,006            |
| 1976# | 1,924,894 | 11,456           |

# JAN-NOV

4. NOTE STATES THAT ADOPTION OF ITC RECOMMENDATION WOULD RESULT IN REDUCTION OF 90 PERCENT OF COUNTRY'S FOOTWEAR PRODUCTION, WITH ABOUT 12,000 WORKERS, OR 7 PERCENT OF THE WORKFORCE, LOSING JOBS.

5. NOTE ARGUES THAT APPROVAL OF ITC RECOMMENDATION WOULD UNDERMINE EFFORTS BY OAS (AS AGREED AT LAST THREE GENERAL ASSEMBLIES) TO SUPPORT INTERNAL EFFORTS OF OIL-DEFICIENT MEMBERS TO RELIEVE BALANCE OF PAYMENTS PROBLEMS BY EXPANDING EXPORTS.

6. FYI. REPRESENTATIVE FROM EB/OT/STA SAT IN DURING PRESENTATION OF FIRST NOTE AND INDICATED TO AMBASSADOR

THAT URUGUAYAN NOTE WILL BE GIVEN FULL AND CAREFUL CONSIDERATION. EB WILL ALSO REPLY TO REF B SHORTLY. END FYI.

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## Message Attributes

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**TAGS:** ETRD, UY, US  
**To:** MONTEVIDEO  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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